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Message Text

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ACTION ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 AID-05 CIAE-00 EB-08
FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-07 CEA-01 AGRE-00 L-03 H-01 /114 W
----------063909 111614Z /20
R 091907Z MAR 78
FM USINT HAVANA
TO SECSTATE WASHDC 1351
INFO AMEMBASSY MOSCOW
USLO PEKING
USDOC WASHDC

C O N F I D E N T I A L HAVANA 0633

EO 11652: GDS
TAGS: ETRD EEWT EPAP CU CH VM
SUBJ: CHINESE AND VIETNAMESE PURCHASES OF CUBAN SUGAR

REF: HAVANA 570

1. JAPANESE EMBASSY OFFICER, MARCH 8, PROVIDED FOLLOWING INFORM-
ATION FLOWING FROM RECENT CONVERSATION WITH CHINESE COMMERCIAL
COUNSELOR HOU YUN. LATTER STATED TO JAPANESE THAT, IN ADDITION
TO 310 THOUSAND TON COMMERCIAL AGREEMENT SUGAR PURCHASE FROM
CUBA IN 1978, CHINESE THIS YEAR WOULD RECEIVE 36 THOUSAND TONS
OF SUGAR FREE IN PAYMENT FOR PAST TRADE IMBALANCES AND SMALL
CREDITS. HOU YUN CLAIMED THAT PAYMENTSSOF ROUGHLY THIS ORDER
WOULD TAKE PLACE OVER A FIVE YEAR PERIOD. (COMMENT: CHINESE TOLD
USINT OFFICER, MARCH 2, THAT CUBANS WOULD PROVIDE ABOUT 30
THOUSAND TONS AS PAYMENT TO CHINESE THIS YEAR. A SIMILAR PAYMENT
OF TWENTY THOUSAND TONS WAS MENTIONED FOR 1977.)

2. CHINESE ALSO TOLD JAPANESE THAT, IN ADDITION TO
36 THOUSAND TON CREDIT/TRADE IMBALANCE PAYBACK, CUBANS OWED

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CHINESE 200 THOUSAND TONS OF SUGAG THAT HAD BEEN CONTRACTED
FOR IN PREVIOUS YEARS, BUT NEVER DELIVERED. CUBANS, TO DEFRAY
THIS ACCOUNT, CHINESE SAID, ARE SHIPPING ADDITIONAL 34
THOUSAND TONS FREE IN 1978. (COMMENT: IMPLICATION WAS THAT
TWO HUNDRED THOUSAND TON SHORTFALL WENT BEYOND TRADE IMBAL-
ANCES MUTUALLY AGREED TO IN PREVIOUS COMMERCIAL
PROTOCOLS. IT IS INTERESTING THAT CHINESE CHARGE PREVIOUSLY

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MENTIONED TO US - SEE 77 HAVANA 834 - TWO HUNDRED THOUSAND TON "DEBT" FIGURE, BUT ERRONEOUSLY DESCRIBED IT AS ANNUAL REPAYMENT REQUIREMENT.)

3. JAPANESE COULD NOT DRAW CHINESE OUT ON SUM OF THEIR EXTRA-AGREEMENT CONVERTIBLE CURRENCY SUGAR PURCHASES FROM CUBA. LIKE US, THEY HAVE HEARD FROM CUBANS ONLY REPORT OF 60 THOUSAND TON PURCHASES. THEY NOTE, HOWEVER, THAT SOVIETS HERE ARE SPEAKING OF 140 THOUSAND TONS OF HARD CURRENCY CUBAN SUGAR PURCHASES BY CHINESE.

4. ON VIETNAMESE SUGAR PORCHASES FROM CUBA, JAPANESE HAVE NO 1978 INFORMATION. THEY BELIEVE, HOWEVER, THAT 1977 VIETNAMESE SUGAR IMPORTS FROM CUBA TOTALED ABOUT 100 THOUSAND TONS, OF WHICH SOME 50 THOUSAND TONS WERE A GIFT. VIETNAMESE DIPLOMATS HAVE TOLD JAPANESE HERE THAT GIVING SUGAR AS GIFT IS DIFFICULT FOR CUBANS. JAPANESE DRAW CONCLUSION, BASED ON THIS AND OTHER CUBAN OBSERVATIONS, THAT NEGOTIATIONS MAY BE UNDERWAY TO REDUCE GIFT COMPONENT OF CUBAN SHIPMENTS.
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